

**FLOOD CONTROL ADVISORY BOARD
MINUTES
August 25, 2004**

Melvin Martin, Chairman called the meeting of the Flood Control Advisory Board (FCAB) to order at 2:05 p.m. on Wednesday, August 25, 2004.

Board Members Present: Melvin Martin, Chairman; Scott Ward, Vice-Chairman; DeWayne Justice; Kent Cooper, Secretary, Hermant Patel: Ray Acuna.

Board Members Absent: Thomas Callow, Ex Officio; Paul Cherrington, Ex Officio

Staff Members Present: Julie Lemmon, General Counsel; Dick Perreault, CIP/Policy Manager; Russ Miracle, Division Manager, Planning and Project Management; Amir Motamedi, Acting Regulatory Manager; Scott Vogel, Project Manager; Felicia Terry, Regional Area Planning Manager; Michael S. Ellegood, Public Works Director; Angie Hardesty, Permits Specialist; Mike Greenslade, Project Manager; Tom Loomis, Engineering Special Projects Manager; Mike Alexander, Chief Financial Officer and BJ Johnston, Clerk of the Drainage Review Board.

Guests Present: Ed Fritz, MCDOT; Allan Zimmerman, City of Chandler; Brad Dison, CMX; Bob Eichinger, Kimley-Horn; Burton Charron, City of Peoria; Rich Perry, Dibble & Assoc; Mary Reece, BOR; Chuck Gopperter, Santec; Matt Jones, Ward Development; Herman Aristizabal, Entellus; Terri George, DEA; Brian Fry, Dibble & Assoc; Bryon L. Lake, USACE; Ted Demesa, USACE; Kathleen Burgman, USACE; Patrick Ellison, Stantec; Roger Beale, DEA; Jeannette Fish, MCFB.

1) APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 23, 2004.

ACTION: It was moved by Mr. Patel and seconded by Mr. Ward to approve the minutes as submitted. The motion carried unanimously.

Miracle: Mr. Chairman, this might be the right time to advise the Board that there has been a death among staff at the District. Mike Meng passed away unexpectedly this past weekend. He was a member of our Dam Safety staff. His funeral is at the same time as this meeting, so we have several staff members who needed to attend his funeral. As a result we have had to do some shuffling in the presentations. Mike Greenslade will be presenting the Trilby Wash presentation in place of Tom Renckly.

Martin: I think it would be appropriate to have a moment of silence before we continue with our business.

2) RESOLUTION FCD2004R009

Michael S. Ellegood, Director of Public Works presented this resolution that the Board endorse and recommend the appointment of Timothy S. Phillips as Chief Engineer and General Manager of the Flood Control District.

Ellegood: Thank you Mr. Chairman, members of the Flood Control Advisory Board. I am Mike Ellegood. I am the County Engineer and Director of Public Works for Maricopa County. As you know, I held the position of Chief Engineer and General Manager for approximately 7 ½ years. I was asked early this year to accept some new, expanded duties. As I departed to assume these duties, I named Tim Phillips as the Acting Chief Engineer and General Manager. In the ensuing 7-½ months, I think Mr. Phillips has grown into the job. He has obtained the confidence and faith of the Board of Directors, I am certain that he has done so with you also. He has earned my confidence in my new role as County Engineer and Director of Public Works as well as the confidence of County Administration. I am requesting that this Board take action to recommend to the Board of Directors that Tim Phillips be named as Chief Engineer and General Manager in lieu of the acting position he now holds.

I believe there is a resolution before the Board and I would be honored if one of you would enter a motion. Thank you.

ACTION: It was moved by Mr. Patel and seconded by Mr. Ward to approve the resolution as submitted. The motion carried unanimously.

3) NEW RIVER CHANNEL – GRAND AVENUE TO SKUNK CREEK AND INCLUDING PARADISE SHORES; IGA FCD2004A004.

Scott Vogel, Project Manager presented IGA FCD 2004A004 with the City of Peoria for the New River Channel – Grand Avenue to Skunk Creek and including Paradise Shores. This item was presented at the June meeting as an information item. It is moved that the Flood Control Advisory Board endorse and recommend that the Board of Directors approve IGA FCD2004A004 for the New River Channel – Grand Avenue to Skunk Creek and including Paradise Shores project.

Discussion:

Ward: Scott, very good presentation. Can you tell us a little bit how much water is carried through these channels?

Vogel: Mr. Chairman, Mr. Ward, we have approximately 68,000 cfs in our standard project flood for New River, below the Skunk Creek confluence. The area up by Bell Road is being constructed to a 19,000 cfs capacity for the 100-year flow.

Ward: What's the difference between the height of the surrounding property and the depth of the channel? Do you have an idea of how they vary and what the difference in elevation is?

Vogel: Certainly. The channel depth is approximately 15 to 20 feet deep in this area.

Ward: Is Peoria planning to amenitize it?

Vogel: In what way?

Ward: From my understanding it looks like there isn't any area where it can be amenitized. It is basically a flood channel. Am I assuming that correctly?

Vogel: We are talking within the river channel itself?

Ward: Yes.

Vogel: What we are proposing, as much as possible, is to leave some of the existing vegetation in the channel for aesthetics and for habitat value to reduce the mitigation of the project through the Section 404 process. In addition, we will be using the maintenance roads as trails and along these trails there will be landscaping and irrigation.

Ward: And you're going to use gabions instead of any sort of concrete along both sides?

Vogel: That is correct. The erosion protection will be gabion mattresses.

Martin: The problem I have with this is that when you said we were going to the middle of the bridge that Peoria is eventually going to replace. Are we spending money twice? Are they going to come back with a project we are going to have to spend money on when we are spending money on it now?

Vogel: Mr. Chairman, What we are doing is that we are leaving out any improvements in the vicinity of the bridge; it is approximately a 1000 ft stretch. We would be connecting into the existing gabions at the bridge, not improving that section that is narrowed down. In the future, the city plans to come in and add lanes on the outside edges. As part of that work they would look at the abutments, construct vertical walls at the abutments to widen the channel.

Martin: So we are absolutely not doing within a 1000 ft of the bridge either way.

Vogel: That's correct, we'll not improve the banks near the bridge with this project.

Martin: You keep saying "going to the middle of the bridge" and that is confusing.

Vogel: I'm sorry, I might have misspoken. The slide I had up before showing Thunderbird Bridge from the bottom showed the existing gabion protection beneath the bridge. We will be connecting into that, we will not be removing it at this time.

Martin: Who is doing the operations and maintenance on it now?

- Vogel:* Currently the rights-of-way in this section are owned in a checkerboard pattern between the District and the City of Peoria. There is not a lot of operations and maintenance that has been done in this area. Any maintenance that has been done would likely have been done by the District.
- Martin:* It seems to me that on some of the bank protection in the pictures you were showing us there are small trees growing out of it. They are not doing a very good job of maintaining it. If you get little bushes and trees growing out of that side bank, it will be in bad shape.
- Vogel:* Mr. Chairman, part of what this project will do is identify a maintenance plan for all of the structures included here as well as the vegetation management for the entire river corridor.
- Martin:* Very good.
- Patel:* Tell us about the amenities and responsibilities. At the beginning of the presentation, you indicated that Peoria would pay for trails and such. Where would these be? Is there room on the banks?
- Vogel:* Mr. Chairman, Mr. Patel, we will have maintenance roads along either side of the channel. We are keeping them up on the banks out of the 100-year event as much as possible. They do dip down below Thunderbird Bridge. Along those trails/maintenance roads is where we would install the manicured vegetation and irrigation amenities. I want to be clear that the District will cost share in those improvements utilizing our landscape aesthetics policy to the extent possible for the budget.
- Ward:* Scott, I think the way I understand this business agreement is we are going to come in and take care of the river itself right now and then we are going to come back in a couple of years, when the bridge needs to be widened. Maybe Peoria's capital improvement budget increases at that time and they can focus on the bridge. Then we will come back at time and revisit that portion of the river and bridge at that time in a joint relationship with Peoria. It's 50/50 now and then we will come back in the future and hopefully it will be 50/50 then and work in tandem on the bridge and the shore that abuts the bridge.
- Vogel:* That is correct. That is what we are proposing in the IGA. We have about a 2 miles stretch that is about 12,000 feet, of that about 1000 ft will not be improved at this time. We would leave it as it is and come back later and take care of that.
- Ward:* Is there anyone from Peoria who you have worked with here? The reason I would like to visit with them is because anytime we do anything 50/50, I just like to say thank you.
- Vogel:* Yes, we have Mr. Burton Charron of the Peoria Engineering Department.
- Charron:* Mr. Chairman, members of the Board, I'd like to say that I will carry that message back to the city. Thank you.

Ward: Are you happy with this agreement?

Charron: Yes sir, very happy.

ACTION: It was moved by Mr. Cooper and seconded by Mr. Patel to approve the item as submitted. The motion carried unanimously.

4) AGREEMENT FOR THE TRILBY WASH (MCMICKEN DAM) FEASIBILITY STUDY, FCD2004A013.

Mike Greenslade presented IGA FCD2004A013 with the U.S. Army Corps of Engineers for the cost sharing and performance of the Trilby Wash Feasibility Study.

Justice: I have a comment. I'd like to reiterate something I said earlier on this issue. We live about 2 miles north of Luke AFB and I was there in 1951 when the rain came in. I was there when the Corps breached McMicken Dam in what I think was a questionable action. I was there when the damage happened as a result of that breach. I would like to ask the staff be very judicious and conscious when they are working with the Corps to ensure that if there are breachings of that dam again that they make sure that there are provisions and funding to rapidly make the necessary repairs so we don't have the same type of damage happen again.

Miracle: Mr. Chairman, members of the Board, we are keenly aware of that. We are taking that into account on the fissure project that Mike is in charge of.

Greenslade: I would like to add that conditions are significantly different in that area now. There has been a significant population increase; the 2000 census shows about 72,000 homes being protected by that structure.

Justice: That only makes it more important that it is done in a better manner.

Greenslade: We agree sir.

Cooper: I guess I just have a little sticker shock. Seeing the price on this study when we have basically looking at 10 miles included in the study. I'm just having a hard time understanding why the study would cost that much. Does that include construction drawings to make the necessary repairs or is this just a reconnaissance survey that will lead to further studies or to a solution that will require construction drawings?

Greenslade: Mr. Chairman, members of the Board, the purpose of this project is to develop an alternative selection process, select an alternative, then take that alternative forward before Congress to request funds for that alternative. It does not include construction drawings. We were concerned about the cost as well. The length of the structure is 10 miles. There is also 6 miles of the outlet channel and 3 or 4 miles of the outlet wash. When you go through the Corps of Engineers, their process and procedures, we looked very closely at the cost. This is just the process that you have to go through. Some of the big components are the environmental, social and economic studies that are

involved in developing an environmental impact statement. Also, part of that cost is that we have included the Corps' and our staff time involved in review and management.

Cooper: How long is this study supposed to take?

Greenslade: The majority of the study should be completed in 2 years pending funding. However, it is all dependant upon the availability of federal funding and our matching that funding. The estimate is somewhere between 2 and 4 years.

Cooper: I guess I am surprised that there is \$1.1 million of Maricopa staff time that the District can bill towards in-kind contribution on this project in a 2-year time frame. Unless you are going to inflate the wages. I'm sure there are many people on the staff who are dedicated to this purpose. I am certainly in favor of doing the study, however, I recognized the problems involved in working with the federal process. I think that is just overly thorough and very, very costly. If we were tasked with just fixing the problem in the private sector, it would be fixed for the \$4 million we are spending for the study. I don't know what the final cost is going to be on this, it's going to be several million dollars. In my mind, this is almost like throwing it out the window, but I recognize that we have to follow the federal process since they are paying for a good share of this project.

Miracle: The staff agrees. We looked very hard at what the proposed project activities were and the cost. We went through it line by line. The hard bottom line is that while we don't know which alternative is appropriate to move forward with, we estimate that the cost may be in the order of \$20-40 million to make the repairs to the dam. If we move forward with the Corps, they will pay 65% of that. So our reason for recommending that we do this feasibility study with the Corps is for the opportunity to get the construction funding. The Corps study has considerably greater restraints and requirements on it than we do. Since we don't normally spend federal money, we can complete our projects considerably cheaper. So we share the sticker shock but we do recommend that the study move forward.

Patel: A similar line of question. Was the estimate prepared by the Corps for all the stuff that they will be doing? When you say that you went through the estimate line by line.

Greenslade: We worked with the Corps and the estimate was prepared in conjunction with the District and the Corps. We had a target at one point, it was difficult to get to that point but when we considered all the effort involved, there are several items that we felt that we were better adapted at managing, that included the geotech investigations. We've done a lot of work out there and we've done a good job at that. A lot of those hours are involved in the public involvement process. We will take the lead on that and also the landscape component. We think there is a significant effort involved there considering the community.

Patel: This is the first project that has been figured in the way, partnering with the Corps, so did they go out and hire consultants or do the work in-house and

then send you a set of plans or recommendations, did they write you a check? How does this work?

Greenslade: The way the project will work is that the Corps and the District will work jointly in developing scopes of work, identifying the consultants, a lot of the work will be done by the Corps staff in the Los Angeles office. Again, there are those items that we have suggested that we do here at the District. When looking at the cost, we also asked the Corps to give us something to compare it with. They gave us a number of similar studies in Tucson and in the Phoenix area; one being the Rio Salado and the cost is comparable when you consider the size and length of the structure. That helped us get understand the cost.

Martin: You mentioned Rio Salado; we didn't have \$3-4 million come before our Board to do a 50/50 cost share.

Miracle: Mr. Chairman, that was a Corps project where the City of Phoenix was the local sponsor. We did not participate in the feasibility study.

Perreault: Mr. Chairman, members of the Board, maybe I can clarify the relationship. On the Rio Salado project, the City of Phoenix is the lead agency or the local sponsor with the Corps. They have the agreement with the Corps and they did share feasibility study costs. I don't know what those costs were but the District did not participate in sharing that cost. We did, however, participate in the sharing of the project cost, which was the construction of the low flow channel, which was \$15-16 million. So, there are a lot of costs that go into a Corps sponsored project before you ever see construction. The building costs are quite extensive and comprehensive.

Martin: Is there a way that we will know that the Corps won't do what they did 30-40 years ago, the incident that DeWayne brought up? Are we considering that?

Greenslade: Mr. Chairman, members of the Board, the purpose of the study is to evaluate the alternatives, select an alternative and recommend the selected alternative be carried forth by both the District and the Corps. We don't envision, unless there is some type of emergency condition, ever breaching McMicken Dam again.

Martin: Haven't we had several projects out there west of the Air Force Base that protects the base?

Miracle: Mr. Chairman, members of the Board, we have had several projects in the West Valley that connect to and protect portions of the West Valley. They all function as one big system, of which McMicken Dam is a part.

Acuna: Mr. Chairman, members of the Board, I would just like to share some information and experiences in what happened with Phoenix and the sticker shock is the perfect term. We for many years had the luxury of facilities, bridges and dams and now all of a sudden the age of these facilities are sneaking up on us. We were working with the Flood Control District, and hats off to them; they have all the expertise here to give us good guidance. I

wrestled with the same thing with the city and saying that we need several million dollars. But it is a public health, safety, and welfare issue. There isn't a lot of safety factor if your dams are showing distress. That is the thing that I have anxiety about, is that these facilities that provide protection to the public could possibly fail, that is something that we need to hear, that this is a public health, safety & welfare issue because there is a chance we are not going to get support for this. Then we may have to look at other options. That is what we have to do with the City of Phoenix, if it is a real safety, welfare issue. That's a tough call. If it is and there isn't \$4.3 million, what part of this can we phase until the decision makers are happy that we are in position to spend that kind of money? We wrestle with that. Are the opportunities to phase components of this project, so that we don't have this big bite all at one time? Or is there an eminent threat to public health, safety & welfare?

Miracle: Mr. Chairman, members of the Board, the study will take place over 3 years. We feel that we do not have a problem with funding our portion of it. First of all, the Corps of Engineers has all of their staff costs into the total. We have also added all of our staff costs into the total. Those two are contributions that come off each share. The funding that will be provided will not tax the District, so we can proceed with the feasibility study. We have initiated what we call the FRZR project, the fissure risk zone remediation project, on the south end of the dam because we felt that we could not wait for the Corps funding to make those repairs. It was a safety and public health issue in our minds. That is why we have proceeded with that portion of the project. I don't believe there is any reason to phase the feasibility study. Depending on the Corps funding, there may be reason to phase the construction.

Ward: What I am hearing is that you truly feel that this is a threat to public safety.

Miracle: That's correct. With our FRZR project we have addressed the eminent issues that cannot wait. This study and program, we feel is acceptable

Ward: I can see where this is definitely a public safety issue. There is not a more dense area in the entire valley, or one that is going through more growth. Julie, you might remember about a year ago, Mike Ellegood and I were talking with you. One of his main concerns was the dam issues in Maricopa County and how long ago and how quickly they were built. My main concern, I side with Mr. Cooper, I work in the public sector but I am private sector heart and soul. I don't know why it is costing this much money and taking so long. I think what really concerns me is you have a study that is going to take more than a year. I think if we are going to do this study, we need to do it fast. I can't imagine a \$4 million cost and study that is going to take 2 years. Again, I side with Mr. Cooper, if we went out and took bids and said give us the best national engineering firms to bid on this project. Then said, give us a time and a dollar value. I bet those guys could do it cheaper and faster.

Cooper: I think the real issue whether we can get it done for what our local share is, then it makes sense to do that. If it is going to cost a lot more and we can get

the federal government to pay for it, then that is the purpose the federal government has in the use of their funds. Ultimately, if we want federal participation with construction, which is the big dollar amount, we have to play by their rules. So I am supporting what the staff is saying. If ultimately we can hope to get some congressional appropriation and this is going to be at \$20-\$40 million project, let's go after the federal money. We will just have to play by their rules.

Greenslade: I'd like to address the safety issue. Like the FRZR project, we are constantly monitoring the structures and doing maintenance and upgrades to the structures as needed to maintain the function of the structures in a safe manner. We are also continuing to update our Emergency Action Plans, have plans in place. We are concerned about those safety issues. If we see something that requires immediate attention we will take immediate action and we have shown that in the FRZR project.

Martin: First of all, most people in the audience probably know, we, board members, are all citizens; we all pay taxes and we are not paid to sit here. We have been appointed by Supervisors to look after the tax money that each and every one of us pay into the Flood Control District and try to see that it is spent as best as possible. The reason I want to try to clarify that is because I go back to the dam we had by the high school in Fountain Hills that they proposed as a \$250,000 project. The study went on for a year and two years later the project came back to us at \$2.2 million. We were told at the time that this was a quarter of a million dollar project. Russ, I hope you consider my feelings about it. I can't support this. I think we need to do something to shorten the time of the study. People don't stay on a project 3 years. Your staff will change in 3 years, then you have to re-educate them. The government's staff will change in 3 years. How many staff people would you say would stay on one project 3 years? Probably none.

Ward: I have a comment. I think we all agree the study of this dam is imperative. Somehow we have to figure out a solution. I went out and looked at this because I have a project out there. This is a huge structure and encompasses a lot of area and takes in a lot of people. I don't think anything we have looked at during the 4 years that I have been on this board involves more people or more personal property than this project. You have a lot of elderly who live out here who don't pay municipality taxes but there are county residents who pay county taxes that we have to protect. Maybe we table this a month or two and put our heads together. We have some great people; Mr. Cooper has worked in the public sector. My biggest fear is that I think that the rain men I talk to say we are in for a 100-year flood in the next couple of years. I think we are in for heavy storms. You live back in this area sir. And this encompasses just a huge amount of people. That picture, when it was taken the only thing out there was Luke AFB back in 1951.

Cooper: Mr. Chairman, I think the question is very simple. If we can possibly gain federal funding, we need to just move forward. Delaying it a month or two is not going to change that fact. I am familiar enough with the federal requirements to know that there is no way around this. I've tried for 20 years and can't get around it and you can't really shortcut it. I know the staff has

analyzed this and after questioning them I am confident that they have examined it rather scrupulously and would like us to recommend it to the Board of Directors. I'm willing to do that. Let's get the 3-year clock rolling as opposed to waiting any longer.

ACTION: It was moved by Mr. Cooper and seconded by Mr. Justice to approve the item as submitted.

Ward: I would like to discuss this more before we vote on the issue. Is there any way, ladies & gentlemen that we can move the timetable up on the review of this project?

Lemmon: Mr. Chairman, members of the Board, one of the things that really slows down the federal studies is the required environmental impact statement, that has some set timeframes. They have to do the study, then they have to give so many months to give notice to anyone who might want to say anything. Then there is a 2-month timeframe for them to respond. Then they have to respond to all the comments. Those are the types of delays that I think Mr. Cooper was referencing. It would be very difficult to get around them. Even if you are very diligent, you are going to have at least a year or more just to do that piece of the study. There may be ways to shorten that, but I think there are some built in delays that can't be avoided if you are going to use the federal money.

Greenslade: Mr. Chairman, members of the Board, there are members of the Corps staff here. Perhaps it would be advantageous to have some discussion with them on what activities would delay the study.

Martin: Before we do that, we would have to have the motion taken off the table. The Board can speak on the motion, but if we have outside testimony, the motion will need to be taken off the table. Does the Second withdraw his second?

ACTION: Mr. Justice withdrew his second and the motion was taken off the table.

Greenslade: I would like to invite the representative from the Corps of Engineers to come forward.

Demesa: Mr. Chairman, members of the Board, I am Ed Demesa with the Corps of Engineers. I would like to address the time line issues. Right now what we are looking at is 35 months according to the documents, providing we receive the funding from the federal government. The process that is set forth is the process by which we can recommend investment for federal tax money. I think that is exactly why we have to go through this process. Before Congress decides that they will invest a dime on someone else's location they want to make sure that the investment will impact the National Economy. That's why our process is deliberate, it is defined for us, we have to produce supporting documents that we need, engineering documents, economical impact and environmental impact documents so that Congress can make a decision to support investing in a federal project in this area. As

far as the time line is concerned, there will be opportunities to shorten 35 months depending on the amount of existing information that we have. On a regular basis, we will look at the work that has been completed and if we find existing information we can use. If that is the case, we can say that the document we are looking at right now is a dynamic document, if there are opportunities to change that through out the process, we can do so.

Ward: I have a question for this gentleman. I really appreciate you coming over to attend this meeting. Thank you. How does the Corps view this dam? Do you have a rating system that says this dam was built at this time and therefore it is a priority for us to review because of the increase in population? Because of value?

Demesa: The plan that we submit will take into account the damages. That essentially is what Congress is looking at when they decide whether or not to invest in fixing the problems. The dam was build by the Corps and was turned over to the District. The District has the full upkeep and maintenance responsibility at this point. If there is any decision that needs to be made involving the operation of the dam, the Corps at this point really does not have a say in that decision. In response to your question, is this a priority for the Corps, the feasibility study that we do will make the argument to Congress whether or not we need to fix the dam or come up with another solution to the problem.

ACTION: It was moved by Mr. Cooper and seconded by Mr. Justice to approve the item as submitted. The motion carried unanimously

5) DRAINAGE DESIGN MANUAL UPDATE.

Tom Loomis presented this item for informational purposes only. No action was required.

Acuna: Mr. Chairman, I have a quick comment. The last quarter century most of the folks in this room have been designing and working in drainage. A lot of us know that it is much like the Tower of Babel; everyone spoke their own language. As a result, there were a lot of inefficiencies and a lot of money that could have been better spent. A lot of people in this room and District leadership said, you have to understand, water knows no jurisdictional boundaries. It's simple but we weren't practicing it. It's been a decade or a decade and a half that this thing has been in the works. I'm beginning to watch the young engineers use this manual. That's the victory. I think in the end the taxpayer is going to get a bigger bang for the buck. I really believe that. The processes are going to be faster. The technology is now part of this manual, is incorporated into the Internet so that the designers aren't going to be waiting for a phone call. They are going to be able to use it off the Internet. I want to thank the District and a number of people in the audience because I think we are going to leave it a lot better than we found it.

6) REPORT ON FY 2004 FINANCIAL OPERATING RESULTS AND PRESENTATION OF APPROVED FY 2005 DISTRICT WIDE BUDGET

Mike Alexander, CFO, reported on FY 2004 Financial Operating Results and presented the

approved FY 2005 District Budget. This item is for information and discussion only. No action required

Ward: Do we have any projects that are over budget right now?

Alexander: There are projects that are, through the Change Order process, will end up costing more than we originally anticipated. But to say that we are over budget would not be correct because we constantly transfer and move funds around within budget to cover any shortfalls or overages.

Ward: So we have a contingency built in?

Alexander: Yes, sir.

Ward: Over the course of the last couple of years, I've gotten to know this department pretty well. You have some very bright, loyal people here. With the inflationary climate we've been in, how have you been handling salaries?

Alexander: Actually, as you may know, any across the board salary adjustment money has to come from the Board of Directors. What we have done is manage what we call our vacancy factor. When we do our budget, we budget positions, not necessarily people. The positions give us a greater budget than if we simply took people times their rate for a year. It gives us some money to play with and in those instances where salary adjustments are merited, with the approval of payroll administration downtown; we do make salary adjustments throughout the year.

Ward: Gentlemen, are we controlled by OMB or is this something that Tim Phillips and your team can make adjustments to during the year to compensate quality people?

Alexander: We can make those adjustments within the confines of the existing budget.

Miracle: If salary increases are not done within the approved budget, we cannot issue salary increases. Right now, we are going through the first broad across the District salary adjustment in the last 4 years.

Martin: What percentage of a project overage would require the project to be brought back before the Board?

Miracle: Mr. Chairman, we have to go back to the Board if we bid a project and the bid price comes in excess of 10% of the estimate. I need to brag and tell you that we have been keeping track of our construction cost growth on our construction contracts. The total growth from the time we bid it until the time we are done, on all of our projects over the last 4 years has been less than 3%. That includes those items that we have added into the projects because the cities have requested them. Our avoidable cost growth is less than 1%. It is actually less than half a percent. We are very proud of that.

Martin: So if you are over 10% you have to come back to both Boards? It has just never happened.

Miracle: Mr. Chairman, I don't recall that ever happening.

Martin: I thought perhaps with the big rise in the cost of cement it might be a problem now.

Miracle: We have not had that problem yet. We anticipate that we will. We are also being advised that the cost of cement is escalating drastically as is the cost of oil and other construction items. We are a little bit concerned about being able to anticipate and estimate those costs.

Justice: Are the new federal guidelines on overtime going to impact these figures?

Alexander: They won't have a material impact on our budget. But yes sir, there have been reclassification of individuals from exempt to non-exempt and vice versa. However, I don't think it will have a material impact

Ward: Do we have any pending land sales that will help the budget? Help me if you will, I understand that if we do have land sales, those funds stay within our budget, they don't go to OMB.

Alexander: That is absolutely true, yes sir. In this year's budget there is \$1.97 million of excess land sales that would have been part of that revenue I showed you. You are quite right; when we make that land sale the proceeds go right to our fund balance. Those funds can only be used for Flood Control purposes.

Miracle: Mr. Chairman, I might also add. If the money goes to our fund balance, unless our budget is increased by OMB, that is where it stays.

Ward: Mr. Cooper, how do you feel, after working in government for so many years, about our budget? Do you think we have done a good job?

Cooper: Absolutely, especially on the change orders.

7) COMMENTS FROM THE CHIEF ENGINEER AND GENERAL MANAGER

Miracle: Mr. Chairman, I don't believe I have anything at this time.

Johnston: Mr. Chairman, I would like to remind everyone that the September meeting will be held on the third Wednesday of the month instead of the fourth.

8) OTHER BUSINESS AND COMMENTS FROM THE PUBLIC

The meeting was adjourned at 3:40pm